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BELGRADE ALSO FOR USDEL CSCE

E.O. 11652: GDS
TAGS: PGOV PINT HU GW
SUBJECT: FRG/HUNGARIAN RELATIONS AND THE KADAR VISIT

REFS: (A) BONN 11320; (B) STATE 155136;
(C) BUDAPEST 2175

BEGIN SUMMARY. KADAR'S VISIT CONFIRMED TO THE GERMANS
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THAT, WHILE THE HUNGARIANS HAVE NO INTENTION OF
TRYING TO ACT INDEPENDENTLY OF THE SOVIETS IN FOREIGN
POLICY MATTERS, THEY WILL DO WHAT THEY CAN TO FURTHER
THE PROCESS OF DETENTE. THIS ABSOLUTE LOYALTY TO MOSCOW
(AND ALSO TO THE GDR) IN THE FOREIGN POLICY FIELD GIVES
KADAR CERTAIN LEEWAY IN ECONOMIC MATTERS, AND FURTHER
IMPROVEMENT IS EXPECTED IN THE ALREADY FAVORABLE

BILATERAL ECONOMIC RELATIONSHIP. THERE ARE NO REAL PROBLEMS BETWEEN THE FRG AND HUNGARY, AND CHANCELLOR SCHMIDT TERMED THEIR RELATIONSHIP "EXEMPLARY."

WHILE THE VISIT WAS STRONG ON ATMOSPHERICS, IT WAS SHORT ON SUBSTANCE. THE FRAMEWORK CULTURAL AGREEMENT SIGNED DURING THE VISIT CREATED AN IMPRESSION OF CONSIDERABLE FORWARD MOVEMENT, AND THE WEST GERMAN PRESS HAS GIVEN KADAR MORE CREDIT THAN DESERVED FOR HIS WILLINGNESS TO APPLY THE AGREEMENT TO BERLIN. IN POINT OF FACT THE AGREEMENT IS NO DIFFERENT FROM THAT WITH THE SOVIET UNION AND OTHER EE STATES, AND THE GERMANS HAVE NO EXPECTATION OF WORKING OUT A PROTOCOL ON IMPLEMENTATION OF THE AGREEMENT UNTIL THEY RESOLVE THEIR DIFFICULTIES WITH THE SOVIETS OVER PARTICIPATION OF OFFICIALS FROM FEDERAL INSTITUTIONS LOCATED IN BERLIN IN SUCH CULTURAL EXCHANGES.

PUJA DID NOT RAISE THE HUMAN RIGHTS ISSUE BUT WAS CRITICAL OF THE US DECISION ON CRUISE MISSILES, FEARING THAT IT COULD LEAD TO A NEW ARMS RACE. SCHMIDT AND GENSCHER URGED COMMUNIST PARTICIPATION IN THE NORTH-SOUTH DIALOGUE, TO WHICH THE HUNGARIANS REPLIED THAT A COMMUNIST POSITION WAS YET TO BE DISCUSSED, PROBABLY WITHIN THE CEMA FRAMEWORK.

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EUROCOMMUNISM WAS NOT DISCUSSED, AND THE FRG IS ESSENTIALLY IN AGREEMENT WITH EMBASSY BELGRADE THAT THERE IS NO BASIS FOR SUGGESTIONS IN THE WESTERN PRESS THAT KADAR IS CHALLENGING THE SOVIET LINE ON RELATIONS AMONG COMMUNIST PARTIES. END SUMMARY.

1. JUDGING BOTH FROM OUTWARD MANIFESTATIONS AND FROM COMMENTS BY GERMAN OFFICIALS, THE JULY 4-7 VISIT TO THE FRG BY HUNGARIAN PARTY FIRST SECRETARY KADAR CAN BE TERMED A SUCCESS. THE VISIT GENERATED CONSIDERABLE PUBLICITY IN THE FRG, ALMOST EXCLUSIVELY FAVORABLE, AND IT PRODUCED STATEMENTS OF GOOD WILL AND PLEDGES OF EXPANDED BILATERAL COOPERATION IN ALL AREAS. IN TERMS OF ATMOSPHERICS, THE VISIT WAS BEST SUMMED UP BY CHANCELLOR SCHMIDT'S WIDELY HEADLINED REMARK, AT HIS JOINT PRESS CONFERENCE WITH KADAR, THAT FRG-HUNGARIAN RELATIONS SHOULD BE CONSIDERED "EXEMPLARY" FOR RELATIONS BETWEEN STATES WITH DIFFERENT SOCIAL SYSTEMS.

2. KADAR WAS RECEIVED WITH MILITARY HONORS AND HAD A VERY FULL SCHEDULE. IN ADDITION TO TWO MEETINGS WITH

SCHMIDT, HE CALLED ON FEDERAL PRESIDENT SCHEEL AND ALSO MET WITH THE LEADERS OF EACH OF THE FRG POLITICAL PARTIES. CDU CHAIRMAN KOHL CALLED ON KADAR AT SCHLOSS GYMNIICH ON JULY 5, AND SPD CHAIRMAN WILLY BRANDT MET WITH HIM FOR A LONG DISCUSSION THE FOLLOWING DAY. FOREIGN MINISTER GENSCHER GAVE A LUNCHEON FOR KADAR IN

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HIS CAPACITY AS CHAIRMAN OF THE FDP, AND KADAR HIMSELF GAVE A PRIVATE LUNCHEON FOR THE LEADERS OF THE GERMAN COMMUNIST PARTY (DKP). GENSCHER AND FRG ECONOMICS MINISTER FRIDERICHs HAD SEPARATE MEETINGS WITH THEIR HUNGARIAN COUNTERPARTS, FOREIGN MINISTER PUJA AND

FOREIGN TRADE MINISTER BIRO.

3. ASIDE FROM THE PUBLICITY, THE MAIN CONCRETE RESULTS
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OF THE VISIT WERE A LENGTHY JOINT COMMUNIQUE SIGNED BY SCHMIDT AND KADAR ON JULY 6 AND THE CULTURAL AGREEMENT SIGNED BY GENSCHER AND PUJA. (WE ASSUME THE TEXTS OF BOTH ARE AVAILABLE TO THE DEPARTMENT AND INTERESTED INFO ADDRESSEES.) BOTH SCHMIDT AND CDU CHAIRMAN KOHL ACCEPTED INVITATIONS TO VISIT HUNGARY, AND IT WAS ANNOUNCED THAT THERE WOULD BE ANNUAL CONSULTATIONS BETWEEN THE TWO COUNTRIES AT FOREIGN MINISTER LEVEL.

4. TO SUPPLEMENT THE INFORMATION GIVEN THE AMBASSADOR ON THE CHANCELLOR'S TALKS WITH KADAR (REF A), THE FOREIGN OFFICE HAS GIVEN US A BRIEFING ON OTHER ASPECTS OF THE VISIT. OUR SOURCE (DR. FINKE-OSIANDER, DIRECTOR OF OFFICE OF EAST EUROPEAN AFFAIRS) RECALLED THAT THE VISIT HAD LONG BEEN IN THE PLANNING STAGE. THE HUNGARIAN PRIME MINISTER HAD IN FACT EXTENDED AN INVITATION IN 1973 FOR THEN CHANCELLOR BRANDT TO VISIT HUNGARY, BUT THE FRG -- CONSIDERING KADAR A MORE APPROPRIATE CONVERSATION PARTNER THAN THE PRIME MINISTER -- HAD COUNTERED IN 1974 WITH AN INVITATION FOR KADAR TO COME TO BONN. AGREEMENT ON A VISIT WAS CONFIRMED WHEN SCHMIDT AND KADAR MET IN HELSINKI, BUT IT COULD NOT BE SCHEDULED IN 1976 BECAUSE OF CONTROVERSY OVER THE POLISH TREATIES DURING THE FIRST HALF OF THE YEAR AND PREOCCUPATION WITH ELECTIONS IN THE FALL. THE HUNGARIANS WERE THUS DELIGHTED WHEN VAN WELL ARRIVED IN BUDAPEST THIS PAST JANUARY WITH A SPECIFIC PROPOSAL THAT THE VISIT BE SCHEDULED FOR MARCH. THE GERMANS ACCEPTED THE HUNGARIAN COUNTER-PROPOSAL FOR JULY (WHICH INCIDENTALLY GAVE KADAR AN OPPORTUNITY TO VISIT THE GDR FIRST).

5. THE FOREIGN OFFICE DESCRIBES THE MAIN IMPORTANCE OF
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THE VISIT IN TERMS OF GENERAL ATMOSPHERE BUT ATTACHES SOME SIGNIFICANCE TO THE PROSPECTS FOR FURTHER DEVELOPMENT OF BILATERAL RELATIONS AND FOR POSSIBLE COOPERATION IN SOME MULTILATERAL AREAS. THE HUNGARIANS WERE STRUCK BY THE EXTREMELY FRIENDLY RECEPTION WHICH THEY PERCEIVED ON THE PART OF THE

GERMAN PUBLIC. INDEED, ACCORDING TO OUR SOURCE, THE FRG PRESS HAD NEVER BEFORE BEEN SO UNANIMOUSLY FAVORABLE TO AN EAST EUROPEAN VISITOR. THIS DEMONSTRATED THAT THERE WERE VERY FRIENDLY FEELINGS IN THE FRG FOR THE HUNGARIANS AND THAT KADAR ENJOYS CONSIDERABLE RESPECT FOR HIS INTERNAL ACHIEVEMENTS.

6. ON THE OTHER HAND, THE VISIT CONFIRMED TO THE GERMANS THAT HUNGARY WILL CONTINUE ITS CAUTIOUS AND RESERVED POLICY TOWARD THE WESTERN COUNTRIES. KADAR CONSTANTLY STRESSED -- PRIVATELY AS WELL AS IN HIS PRESS CONFERENCE -- THE IMPORTANCE FOR HUNGARY OF ITS ALLIANCE WITH THE SOVIET UNION. AT THE SAME TIME IT WAS EVIDENT FROM THE CONVERSATIONS THAT THE HUNGARIANS HAVE A GREAT INTEREST IN CONTINUATION OF DETENTE. BOTH KADAR AND PUJA EMPHASIZED THIS IN THEIR MEETINGS WITH FRG OFFICIALS, STRESSING IN PARTICULAR THEIR HOPE FOR AN IMPROVEMENT IN US/SOVIET RELATIONS, INCLUDING A SUCCESSFUL OUTCOME TO SALT. OUR SOURCE CONCLUDED THAT KADAR MADE IT CLEAR THAT, WHILE THE HUNGARIANS WOULD NEVER PLAY AN ACTIVE ROLE INDEPENDENT OF THE SOVIET UNION, WITHIN THE RANGE OF THEIR POSSIBILITIES THEY WOULD GIVE VERY ACTIVE SUPPORT TO DETENTE POLICIES.

7. DR. FINKE-OSIANDER PROVIDED THE FOLLOWING INFORMATION WITH REGARD TO INDIVIDUAL ITEMS OF DISCUSSION:

A. ECONOMIC RELATIONS

-- IN BILATERAL RELATIONS, THE MAIN INTEREST OF
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THE HUNGARIANS IS IN THE ECONOMIC FIELD AND WILL CERTAINLY REMAIN SO. THE TOTAL VOLUME OF TRADE BETWEEN THE FRG AND HUNGARY IN 1976 WAS DM 2.7 BILLION, AND IT IS EXPECTED THAT IN 1977 THIS WILL REACH THE DM 3 BILLION MARK. THE HUNGARIANS, LIKE ALL OTHER EAST EUROPEANS, HAVE A DEFICIT IN THEIR TRADE BALANCE WITH THE FRG, BUT THIS HAS DECREASED OVER THE YEARS AND THE FRG

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HOPES THE GAP CAN BE NARROWED FURTHER. THE SITUATION IS
BETTER FOR THE HUNGARIANS THAN FOR MOST OTHER EAST
EUROPEANS, AS THEY ARE MORE FLEXIBLE AND HAVE A BETTER
UNDERSTANDING OF MARKET MECHANISMS.

-- IN ADDITION, THE HUNGARIANS DO NOT STRESS
COOPERATION ONLY WITH LARGE ENTERPRISES; THERE ARE
MANY SMALL FIRMS IN BOTH COUNTRIES WORKING TOGETHER, AND
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THIS FACILITATES A MORE SOLID STRUCTURE FOR ECONOMIC
RELATIONS. IN TERMS OF NUMBER OF PROJECTS (NOT OF
TOTAL VALUE), GERMAN FIRMS HAVE MORE COOPERATION AGREE-
MENTS WITH HUNGARY THAN WITH ANY OTHER EAST EUROPEAN
COUNTRIES. THE HUNGARIANS WERE THE FIRST TO ENTER INTO
SUCH AGREEMENTS AND THEY HAVE MAINTAINED THEIR LEADING
ROLE, THANKS TO THEIR MORE FLEXIBLE ECONOMIC SYSTEM.
ASKED WHETHER THIS HAS CREATED PROBLEMS FOR HUNGARY WITH

THE SOVIETS, OUR SOURCE COMMENTED THAT KADAR HAS SUCCESSFULLY DEFENDED HIS SYSTEM AGAINST SOVIET AND EE CRITICISM. HE MAKES THIS ECONOMIC FLEXIBILITY POSSIBLE BY ABSOLUTE LOYALTY IN FOREIGN POLICY MATTERS TO THE SOVIET UNION -- AND ALSO TO THE GDR. HE INDULGES NO EXTRAGAVANCES IN POLITICAL RELATIONS AND THUS HAS RELATIVELY FREE RANGE IN ECONOMIC POLICY.

-- THE JOINT COMMUNIQUE CALLS FOR FURTHER DEVELOPMENT OF BILATERAL ECONOMIC RELATIONS. ASKED HOW THIS WAS TO BE IMPLEMENTED, OUR SOURCE REFERRED TO SEVERAL AREAS OF COOPERATION. THE JOINT ECONOMIC COMMISSION ESTABLISHED BY THE 1974 ECONOMIC COOPERATION AGREEMENT IS ACTIVE. FINANCE MINISTER APEL WILL BE GOING TO HUNGARY LATER THIS MONTH (ACCORDING TO ONE REPORT, HE WILL SIGN A DOUBLE TAXATION TREATY WHILE THERE). THERE ARE GOOD RELATIONS BETWEEN THE PRESIDENTS OF THE TWO NATIONAL BANKS. THERE ARE NO CONCERNS IN THE FRG ABOUT HUNGARIAN CREDIT.

B. CULTURAL AGREEMENT

-- THE FIVE-YEAR AGREEMENT SIGNED BY GENSCHER AND PUJA IS COMPREHENSIVE IN ITS PLEDGE OF COOPERATION IN CULTURAL, MEDIA, AND SPORTS EXCHANGES. DR. FINKE-
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OSIANDER SAID THERE WAS NOTHING SENSATIONAL, HOWEVER, ABOUT THE AGREEMENT, WHICH IS IN FACT AN UMBRELLA AGREEMENT THAT IS PATTERNED ON THE FRG AGREEMENTS WITH THE SOVIET UNION AND OTHER EE'S. DESPITE ITS SWEEPING PROVISIONS, THE FRG IS WELL AWARE THAT THE REAL PROBLEMS WILL LIE IN THE IMPLEMENTATION, FOR WHICH TWO-YEAR PROTOCOLS WILL BE NEGOTIATED.

-- THE AGREEMENT IS EXTENDED TO BERLIN WITH A STANDARD FRANK-FALIN CLAUSE ("IN CONFORMITY WITH THE QUADRIPARTITE AGREEMENT OF 3 SEPTEMBER 1971 THIS AGREEMENT WILL BE EXTENDED TO BERLIN (WEST) IN ACCORDANCE WITH THE ESTABLISHED PROCEDURES"). THE FRG PRESS HAS ERRONEOUSLY GIVEN THE HUNGARIANS GREAT CREDIT FOR HAVING ACCEPTED EXTENSION TO BERLIN, AND SEVERAL ARTICLES HAVE PORTRAYED THIS AS A BREAKTHROUGH AND A HUNGARIAN DIVERGENCE FROM THE SOVIET UNION. IN POINT OF FACT -- WHILE THE FOREIGN OFFICE CERTAINLY DOES NOT INTEND TO ISSUE A CLARIFICATION -- THERE IS NO DIFFERENCE BETWEEN THE HUNGARIANS AND THE SOVIETS ON THIS POINT. THE FRG-SOVIET CULTURAL AGREEMENT ALSO CONTAINS A FRANK-FALIN CLAUSE, BUT AGREEMENT ON AN IMPLEMENTING PROTOCOL HAS NOT BEEN POSSIBLE BECAUSE OF SOVIET

REFUSAL TO ACCEPT EXCHANGE PARTICIPANTS FROM FEDERAL
INSTITUTES LOCATED IN BERLIN. THE SOVIETS SIMPLY
MAINTAIN THAT SUCH PARTICIPATION WOULD NOT BE "IN
CONFORMITY WITH THE QA" AND WOULD THUS NOT BE COVERED
BY THE BASIC CULTURAL AGREEMENT.

-- THE FOREIGN OFFICE THUS DOUBTS THAT THE FRG
WILL EVEN ATTEMPT TO NEGOTIATE AN IMPLEMENTATION PROTOCOL
WITH THE HUNGARIANS UNTIL THE ISSUE HAS BEEN RESOLVED
WITH THE SOVIETS. THIS IS THE SAME SITUATION WITH
REGARD TO THE CULTURAL AGREEMENTS WITH POLAND AND
BULGARIA -- AND OF THE THREE, HUNGARY IS IN PRACTICE THE
MOST DIFFICULT BECAUSE OF THE HIGHLY CENTRALIZED NATURE
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OF THE HUNGARIAN REGIME AND ITS INSISTENCE THAT EVERY
INDIVIDUAL CONTACT OR EXCHANGE BE APPROVED BY ONE
CENTRAL INSTITUTE.

C. HUMAN CONTACTS AND TOURISM

-- AS AN EXAMPLE OF THE LATTER POINT, DR. FINKE-

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OSIANDER MENTIONED FRG EFFORTS TO INCLUDE IN THE COMMUNIQUE A REFERENCE TO CONTACTS BETWEEN CITIES AND COMMUNITIES. THIS TYPE OF CONTACT WITH POLISH CITIES HAS BEEN VERY SUCCESSFUL, BUT THE HUNGARIANS FLATLY REFUSED TO ACCEPT IT. THE HUNGARIANS ALSO MADE IT CLEAR THAT ANY CONTACTS BETWEEN YOUTH OR SPORT ORGANIZATIONS MUST BE APPROVED BY COMPETENT CENTRAL BODIES AND THAT THERE CAN BE NO DIRECT CONTACTS.

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-- THE COMMUNIQUE DID EXPRESS THE DESIRE OF BOTH SIDES TO FURTHER "DIRECT CONTACTS BETWEEN CITIZENS IN BOTH COUNTRIES AND TOURISM." FINKE-OSIANDER COMMENTED THAT TOURISM IS ONE AREA WHERE THE HUNGARIANS ARE QUITE LIBERAL. ALTHOUGH THE HUNGARIANS WOULD NOT ACCEPT A SEPARATE REFERENCE TO DIRECT CONTACTS BETWEEN CITIZENS, IT WAS VICE FOREIGN MINISTER NAGY WHO SUGGESTED ACCEPTANCE OF THE IDEA IF IT WERE LINKED TO "TOURISM."

D. BERLIN AND THE GDR

-- BERLIN PROBLEMS WERE NOT SPECIFICALLY DISCUSSED DURING THE NEGOTIATION OF THE CULTURAL AGREEMENT, NOR DID THE GERMANS RAISE THE RECENT HUNGARIAN-GDR TREATY AND THE OBJECTIONABLE CLAUSE CONCERNING BERLIN. FINKE-OSIANDER SAID THE GERMANS REALIZED THE HUNGARIANS WERE SIMPLY FOLLOWING THE SOVIET EXAMPLE. GENSCHER DID STRESS THE IMPORTANCE TO THE FRG OF THE QUADRIPARTITE AGREEMENT AND OF THE PETERSBERG FORMULA, WHICH HAD BEEN REPEATED IN THE COMMUNIQUE FOLLOWING HIS MOSCOW VISIT, ON "STRICT OBSERVANCE AND FULL IMPLEMENTATION OF THE QA." THIS, GENSCHER SAID, WAS OF CRUCIAL IMPORTANCE FOR DETENTE. PUJA RESPONDED THAT HE WAS AWARE OF THE

GERMAN POSITION BUT THAT THE REAL PROBLEM WAS ONE OF INTERPRETATION OF THE QA. HE ADDED THAT HE WAS UNDER THE IMPRESSION THAT FRG RELATIONS WITH THE SOCIALIST COUNTRIES, AND ALSO WITH THE GDR, HAD IMPROVED CONSIDERABLY SINCE THE QA.

E. EAST-WEST RELATIONS

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-- GENSCHER AND PUJA DISCUSSED CSCE AND PREPARATIONS FOR THE BELGRADE REVIEW CONFERENCE. ALTHOUGH HE MADE NO DIRECT REFERENCE TO THE HUMAN RIGHTS QUESTION, PUJA DISCUSSED THE DIFFICULTIES IN AGREEMENT ON AN AGENDA AT BELGRADE AGAINST THE BACKGROUND OF WHAT HE SAW AS DIFFICULTIES IN US-SOVIET RELATIONS. HE WAS CRITICAL OF THE US POSITION ON ARMS LIMITATIONS IN GENERAL AND OF THE CRUISE MISSILE DECISION IN PARTICULAR. PUJA COMMENTED THAT, ALTHOUGH THE SOVIET UNION WAS BEING BLAMED FOR THE ARMS RACE, ONE HAD THE IMPRESSION THAT THE CRUISE MISSILE DECISION AND THE GENERAL ATTITUDE OF THE US ADMINISTRATION WERE MORE AT FAULT. HE EXPRESSED CONCERN THAT, IF THERE WERE NO SALT AGREEMENT, THE CRUISE MISSILE DECISION WOULD PROVOKE A SOVIET REACTION, AND THAT THIS WOULD LEAD TO A FRESH ARMS RACE RATHER THAN TO THE HOPED-FOR PROGRESS IN DISARMAMENT. IN SUM, PUJA SOUNDED EXACTLY LIKE A SOVIET SPOKESMAN.

-- GENSCHER COUNTERED BY DESCRIBING THE PRESIDENT'S DECISION AGAINST PRODUCTION OF THE B-1 BOMBER AS A CONSTRUCTIVE STEP AND BY EXPRESSING CERTAINTY THAT THE US WAS INTERESTED IN A CONTINUATION OF DETENTE AND IN A SUCCESSFUL OUTCOME TO SALT.

-- WITH REGARD TO DISCUSSIONS OF AN AGENDA AT BELGRADE, GENSCHER EXPLAINED THE WESTERN STAND AND PUJA DEFENDED THE SOVIET PROPOSAL, ASSERTING THAT IT WAS STRICTLY IN ACCORDANCE WITH THE HELSINKI FINAL ACT. HE CLAIMED THAT THE ANGLO-SAXON PROPOSAL WOULD LEAD TO DWELLING MUCH MORE ON THE PAST AND TO A POLEMIC ON WHAT HAS BEEN ACHIEVED. GENSCHER COUNTERED THAT THE WESTERN PROPOSAL WOULD BE MORE APT TO AVOID POLEMICS.

F. NORTH-SOUTH DIALOGUE

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-- FROM ANOTHER SOURCE, WE ARE TOLD THAT THE
CHANCELLOR MADE A STRONG PITCH TO KADAR ON THE
DESIRABILITY OF EASTERN PARTICIPATION IN THE NORTH-SOUTH
DIALOGUE. FINKE-OSIANDER SAID GENSCHER ALSO EXPRESSED
THIS VIEW TO PUJA, WHO RESPONDED THAT THE ITALIANS HAD

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SIMILARLY URGED THE SOCIALIST COUNTRIES TO JOIN THE
DIALOGUE. PUJA SAID, HOWEVER, THAT THE SOCIALIST
COUNTRIES WOULD FIRST WISH TO BE INFORMED AS TO WHERE
THE DISCUSSIONS STAND AT THE MOMENT. GENSCHER REPLIED

THAT THERE WAS NOTHING SECRET ABOUT THE DIALOGUE AND
THAT FULL INFORMATION WAS AVAILABLE TO THE PUBLIC. PUJA
THEN ADDED THAT THE SOCIALIST COUNTRIES WOULD BE
DISCUSSING THE MATTER, POSSIBLY WITHIN THE CEMA FRAME-
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WORK, AND THAT THEY WOULD PROBABLY STATE THEIR POSITION
IN COMPETENT BODIES OF THE UNITED NATIONS.

G. MIDDLE EAST AND CYPRUS

-- DISCUSSION OF THESE ITEMS DID NOT GO MUCH
BEYOND WHAT WAS PUBLISHED IN THE JOINT COMMUNIQUE. PUJA,
NOT UNEXPECTEDLY, WAS CRITICAL OF SADAT. HE NOTED THAT
EGYPT WAS AGAIN PREPARING FOR A LIMITED WAR, BUT
THAT IF SUCH A CONFLICT BEGAN IT WOULD BE DIFFICULT TO
KEEP THE MIDDLE EAST SITUATION UNDER CONTROL. GENSCHER
STRESSED THE IMPORTANCE OF SUPPORTING THE RESPONSIBLE
ARAB STATESMEN WHO ARE SEEKING A CONSTRUCTIVE SOLUTION
TO THE MIDDLE EAST PROBLEM.

H. EUROCOMMUNISM

-- WE REFERRED TO THE RECENT PRESS SUGGESTIONS
THAT KADAR WAS CHALLENGING THE SOVIETS ON EUROCOMMUNISM
(REFS B AND C) AND ASKED WHETHER THE VISIT HAD SHED ANY
LIGHT ON SUCH A POSSIBILITY. FINKE-OSIANDER SAID THE
SUBJECT HAD NOT BEEN DISCUSSED AT ALL, BUT THAT SHE
DISCOUNTED SUCH REPORTS. SHE COMMENTED THAT THE FOREIGN
OFFICE AGREED GENERALLY WITH THE INTERPRETATION OF THE
FRG EMBASSY IN BELGRADE OF THE JULY 2 NEPSZABADSAG
EDITORIAL -- THAT THE HUNGARIANS APPEAR TO BE TRYING TO
RECONCILE THE DIFFERING POSITIONS BY STRESSING THE NEED
FOR SOLIDARITY IN THE COMMUNIST MOVEMENT. THEY POINT
OUT THAT THE SPECIFIC SITUATION IN EACH COUNTRY MUST BE
TAKEN INTO ACCOUNT, BUT THEY ADMONISH ALL PARTIES TO
KEEP IN MIND THE NEED FOR UNITY. MEANWHILE, THEY
IMPLY THAT THEY WOULD BE GLAD TO SERVE IN THE ROLE OF
INTERMEDIARY.

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I. ANNUAL CONSULTATIONS OF FOREIGN MINISTERS

-- FINKE-OSIANDER DOWNPLAYED THE SIGNIFICANCE OF
THIS AGREEMENT. SHE IMPLIED THAT IT HAD NOT BEEN

SPECIFICALLY THOUGHT OUT BUT RATHER WAS A SUGGESTION THROWN OUT BY THE CHANCELLOR WHEN KADAR STRESSED THE IMPORTANCE OF POLITICAL CONSULTATIONS. IN POINT OF FACT, SUCH MEETINGS WERE AGREED TO BY THEN FOREIGN MINISTER SCHEEL IN 1974, AND THERE HAVE BEEN SEVERAL MEETINGS OF FOREIGN MINISTERS SINCE THEN. THEY WILL NO DOUBT CONTINUE TO MEET AT LEAST ONCE A YEAR, ON THE FRINGES OF THE UN GENERAL ASSEMBLY IF NOT OTHERWISE, BUT THERE IS NO FORMAL CONSULTATIVE STRUCTURE FOR THE TALKS.

8. COMMENT: WE ASSUME THE SOVIETS ARE CONFIDENT OF KADAR'S TOTAL LOYALTY, BUT WE WONDER TO WHAT EXTENT THEY ARE PLEASED WITH THE WARMTH OF THE RECEPTION HE RECEIVED HERE. WE, LIKE THE FOREIGN OFFICE AND THE HUNGARIANS THEMSELVES, WERE STRUCK WITH THE STRICTLY UPBEAT TONE OF THE GERMAN PRESS ON FRG-HUNGARIAN RELATIONS, AND PARTICULARLY BY THE IMPRESSION LEFT WITH THE PUBLIC THAT THE HUNGARIANS WERE LAUNCHING OUT ON THEIR OWN ON MATTERS SUCH AS BERLIN. NEITHER THE HUNGARIANS NOR THE FEDERAL GOVERNMENT HAVE ANY INTEREST IN COUNTERING SUCH AN IMPRESSION, AND INDEED THE GERMANS CONTRIBUTED TO IT THROUGH THEIR OWN POSITIVE PUBLIC STATEMENTS AND THEIR WILLINGNESS TO JOIN IN SUCH AN EXTENSIVE JOINT COMMUNIQUE. THE FOREIGN OFFICE, AND PRESUMABLY THE CHANCELLOR, ARE FULLY AWARE OF THE LIMITATIONS ON HUNGARIAN FREEDOM OF MANEUVER. BUT THE GENERALLY POSITIVE ATMOSPHERE OF THE VISIT -- SERVING AS IT DID TO SUGGEST THAT OSTPOLITIK IS NOT WITHOUT ITS REWARDS AND CERTAINLY IS NOT DEAD -- WAS DOUBTLESS A WELCOME RELIEF FROM THE DOMESTIC PROBLEMS BESETTING THE COALITION GOVERNMENT. CONFIDENTIAL

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END COMMENT.
STOESSEL

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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